BOND INFORMATION STATEMENT
State of South Dakota
SDCL 6-8B-19

Return: Secretary of State
State Capitol
500 E. Capitol
Pierre, SD 57501-5077

FILING FEE: $1.00

TELEPHONE: (605) 773-3537

Every public body, authority, or agency issuing any general obligation, revenue, improvements, industrial revenue, special assessment, or other bonds of any type shall file with the Secretary of State a bond information statement concerning each issue of bonds.

1. Name of issuer: Pennington County, South Dakota

2. Designation of issue: $2,050,000 Pennington County, South Dakota Pollution Control Refunding Revenue Bonds Series 2004 (Black Hills Power, Inc. Project)

3. Date of issue: November 23, 2004

4. Purpose of issue: refunding certain revenue bonds previously issued by Pennington County which was issued to finance costs of pollution control facilities for the Black Hills, Power, Inc.

5. Type of bond: Pollution Control Refunding Revenue Bonds

6. Principal amount and denomination of bond:

$2,050,000 in denominations of $5,000 or any integral multiple thereof

7. Paying dates of principal and interest:

See attached Official Statement

8. Amortization schedule:

See attached Official Statement

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over

1380012

9. Interest rate or rates, including total aggregate interest cost:

See attached Official Statement

This is to certify that the above information pertaining to

Pennington County

is true and correct on this 23rd day of November, 2004.

PENNINGTON COUNTY

By: Julie A Pearson
Julie Pearson, County Auditor

For further information regarding the enclosed filing, contact Julie Pearson, Pennington County, 315 St. Joseph Street, Rapid City, South Dakota (606/394-2152).

NEW ISSUES—BOOK-ENTRY ONLY

RATING: Moody's Baa2
SEE Rating Herein

Subject to compliance by the applicable Issuer and the Company with certain covenants, in the opinion of Bond Counsel, under present law (i) interest on each issue of the Bonds is not includible in gross income of the owners thereof for federal income tax purposes, except for interest on any Bond of an issue for any period during which such Bond is owned by a person who is a substantial user of the applicable Project or any person considered to be related to such person (within the meaning of Section 103(b)(13) of the Internal Revenue Code of 1954, as amended) and (ii) interest on each issue of the Bonds is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations. Such interest is taken into account, however, in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. See "TAX EXEMPTION" herein for a more complete discussion.

$18,650,000

Campbell County, Wyoming
Pollution Control
Refunding Revenue Bonds
Series 2004
(Black Hills Power, Inc. Project)
$1,550,000; 4.80%; Due October 1, 2014
$12,200,000; 5.35%; Due October 1, 2024

Pennington County, South Dakota
Pollution Control
Refunding Revenue Bonds
Series 2004
(Black Hills Power, Inc. Project)
$2,050,000; 4.80%; Due October 1, 2014

Weston County, Wyoming
Pollution Control
Refunding Revenue Bonds
Series 2004
(Black Hills Power, Inc. Project)
$2,850,000; 4.80%; Due October 1, 2014

Dated: October 1, 2004 **Due: October 1, as shown above**

The proceeds of each issue of Bonds are to be used to provide a portion of the funds required to currently refund bonds issued to refund bonds originally issued to finance the costs of certain projects described herein. The Bonds of each issue are limited obligations of the Issuer thereof, payable solely from revenues derived under a separate Loan Agreement between such Issuer and

BLACK HILLS POWER, INC.

a South Dakota corporation (the "Company") and will not represent or constitute general obligations or a pledge of the full faith and credit of any Issuer, the State of Wyoming, the State of South Dakota or any other political subdivision thereof. The Bonds will be issued as fully registered bonds in book-entry form and will be registered in the name of Cede & Co., a nominee of The Depository Trust Company, New York, New York ("DTC").

The Bonds shall bear interest from their date at the respective rates per annum set forth above (computed on the basis of a 360-day year of twelve 30-day months) until the payment of principal. Interest on the Bonds will be payable semiannually on April 1 and October 1 of each year commencing April 1, 2005. The Bonds are subject to optional and mandatory redemption prior to their stated maturity as described herein.

Price: 100%
(Plus accrued interest from October 1, 2004)

The Bonds of each issue contain substantially identical terms and provisions as the Bonds of the other issues, but each issue of Bonds is entirely separate and distinct from the other issues. A default with respect to any issue will not necessarily constitute or result in a default with respect to the other issues of Bonds; however, the same occurrence may constitute a default with respect to Bonds of more than one issue.

The Bonds are offered when, as and if issued, subject to certain conditions, including the approval of legality by Chapman and Cutler LLP, Chicago, Illinois, Bond Counsel. Certain legal matters will be passed upon for the Company by Steven J. Helmers, Esq., General Counsel and by Dray, Thomson & Dyekman, P.C., Cheyenne, Wyoming, Special Wyoming Counsel to the Company. Certain legal matters will be passed upon for each Issuer as described under "LEGAL MATTERS." Certain legal matters will be passed upon for the Underwriters by Ungaretti & Harris LLP, Chicago, Illinois. It is expected that delivery of the Bonds will take place through the facilities of DTC on or about November 23, 2004.

LASALLE CAPITAL MARKETS,
A Division of ABN AMRO FINANCIAL SERVICES, INC.

WELLS FARGO BROKERAGE SERVICES, LLC

November 19, 2004

The information contained in this Official Statement (which terms shall be deemed to include the cover page, the Table of Contents and the Appendices to this Official Statement) has been obtained from Black Hills Power, Inc. and (as to information relating only to each respective Issuer) the Issuers and other sources deemed reliable by the Underwriters. No representation or warranty is made as to the accuracy or completeness of such information, and nothing contained in this Official Statement is, or shall be relied on as, a promise or representation by the Underwriters. This Official Statement is delivered in connection with the sale of securities as referred to herein, and may not be reproduced or used, in whole or in part, for any other purpose. The information contained in this Official Statement is subject to change without notice and the delivery of this Official Statement at any time does not imply that information herein is correct as of any time subsequent to its date.

No broker, dealer, salesperson or any other person has been authorized by the Issuers, the Company or the Underwriters to give any information or to make any representation other than as contained in this Official Statement in connection with the offering described herein, and if given or made, such other information or representation must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer of any securities, other than those described on the cover page, or an offer to sell or a solicitation of an offer to buy in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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OFFICIAL STATEMENT

$13,750,000
Campbell County, Wyoming
Pollution Control
Refunding Revenue Bonds
Series 2004
(Black Hills Power, Inc. Project)

$2,050,000
Pennington County, South Dakota
Pollution Control
Refunding Revenue Bonds
Series 2004
(Black Hills Power, Inc. Project)

$2,850,000
Weston County, Wyoming
Pollution Control
Refunding Revenue Bonds
Series 2004
(Black Hills Power, Inc. Project)

INTRODUCTORY STATEMENT

This Official Statement is provided to furnish information in connection with the offering by Campbell County, Wyoming (*"Campbell County"*) of its $13,750,000 Pollution Control Refunding Revenue Bonds Series 2004 (Black Hills Power, Inc. Project) (the *"Campbell County Bonds"*), Pennington County, South Dakota (*"Pennington County"*) of its $2,050,000 Pollution Control Refunding Revenue Bonds Series 2004 (Black Hills Power, Inc. Project) (the *"Pennington County Bonds"*) and Weston County, Wyoming (*"Weston County"*) of its $2,850,000 Pollution Control Refunding Revenue Bonds Series 2004 (Black Hills Power, Inc. Project) (the *"Weston County Bonds"*). The Campbell County Bonds, the Pennington County Bonds and the Weston County Bonds are collectively referred to herein as the *"Bonds"* and Campbell County, Pennington County and Weston County are collectively referred to herein as the *"Issuers."*

Each issue of the Bonds constitutes a separate and distinct issue of bonds from each other issue of the Bonds; however, the provisions relating to each issue of the Bonds are substantially the same. The proceeds of each issue of the Bonds are being loaned by the related Issuer to Black Hills Power, Inc., a South Dakota corporation (the "*Company*"), pursuant to separate Loan Agreements each dated as of October 1, 2004 (each a "*Loan Agreement*" and collectively the "*Loan Agreements*") between the related Issuer and the Company for the purpose of refunding certain revenue bonds (individually and collectively, the "*Prior Bonds*") previously issued by the related Issuer (and, in the case of Campbell County, by Campbell County and by the City of Gillette, Campbell County, Wyoming), which themselves were issued to refund bonds issued for the purpose of financing costs of pollution control facilities for the Company, as described herein under "USE OF PROCEEDS" (each, a "Project" and collectively the "Projects"). Each issue of the Bonds is being issued pursuant to separate Indentures of Trust each dated as of October 1, 2004 (each an "*Indenture*" and collectively the "*Indentures*") between the related Issuer and Wells Fargo Bank, N.A., as trustee (the "*Trustee*"). Pursuant to each Indenture all rights of the related Issuer (except certain rights to payment of expenses and indemnification), including all loan repayments, which are required to be sufficient to pay the principal of, and premium, if any, and interest on, the related Bonds when due, will be assigned to the Trustee to secure the related Bonds.

Brief descriptions of the Bonds, the Loan Agreements and the Indentures are included herein. These descriptions do not purport to be definitive. A description of the Company is included in APPENDIX A and in the documents incorporated therein by reference. All references to the Loan Agreements and the Indentures are qualified by reference to such documents, and all references to the Bonds of each issue are qualified by reference to the information with respect to such Bonds included in the related Indenture. Copies of the forms of the Loan Agreements and the Indentures are available for inspection during the period of the initial offering at LaSalle Capital Markets, A Division of ABN AMRO Financial Services, Inc., 540 West Madison, Suite 2800, Chicago, Illinois 60661, Attention: Public Finance Department, and thereafter at the principal corporate trust office of the Trustee.

THE ISSUERS

Weston County and Campbell County are bodies politic and corporate duly organized and existing as counties under the Constitution and laws of the State of Wyoming. Pursuant to Sections 15-1-701 to 15-1-710, inclusive, of the Wyoming Statutes (2003), as amended (the "*Wyoming Act*"), each is authorized to issue its Bonds to refund the related Prior Bonds and to enter into the related Loan Agreement and the related Indenture.

Pennington County is a political subdivision duly organized and existing as a county under the Constitution and laws of the State of South Dakota. Pursuant to Sections 6-8B-9 through 6-8B-24, inclusive, 6-8B-30 through 6-8B-52, inclusive, and 9-54-1 through 9-54-52, inclusive, of the South Dakota Codified Laws, as amended (the "South Dakota Act"), Pennington County is authorized to issue its Bonds to refund its Prior Bonds and to enter into the related Loan Agreement and the related Indenture.

The Wyoming Act and the South Dakota Act are each referred to herein as the "*Act.*"

USE OF PROCEEDS

The proceeds of the Campbell County Bonds will be used to refund within 90 days a like principal amount of Prior Bonds issued in the aggregate by (i) Campbell County, to refund bonds originally issued to finance costs of pollution control facilities at the Neil Simpson Generating Station of the Company located within the boundaries of Campbell County, and (ii) the City of Gillette, Campbell County, Wyoming, to finance costs of the Company's undivided 20% interest in certain pollution control facilities at the Company's Wyodak Generating Station located within the boundaries of Campbell County.

The proceeds of the Weston Bonds will be used to refund within 90 days a like principal amount of Prior Bonds issued by Weston County to refund bonds originally issued to finance costs of pollution control facilities at the Osage Generating Station of the Company located within the boundaries of Weston County.

The proceeds of the Pennington Bonds will be used to refund within 90 days a like principal amount of Prior Bonds issued by Pennington County to refund bonds originally issued

to finance costs of pollution control facilities at the Ben French Generating Station of the Company located within the boundaries of Pennington County.

THE BONDS

Each issue of Bonds is separate and distinct from the other issues. A default under any issue will not necessarily constitute or result in a default under any other issue; however, the same occurrence may constitute a default with respect to Bonds of more than one issue. Each issue of Bonds is separately secured by a pledge of payments by the Company pursuant to the corresponding Loan Agreement. The interest rate and redemption provisions described herein apply separately to each issue of Bonds (except where otherwise indicated) and a redemption of any issue of Bonds will not necessarily affect any other issue. Each issue of the Bonds contains substantially the same terms and provisions and the following is a summary of certain provisions relating to each issue of Bonds. All references in this summary are, unless otherwise noted, applicable to the documents and the Bonds of each of the issues individually.

The Bonds will each be issued in the aggregate principal amounts set forth on the cover page of this Official Statement. The Bonds will be dated and will bear interest from October 1, 2004 and will mature, subject to prior redemption, on the dates set forth on the cover page. Principal of the Bonds will be payable at the principal office of the Trustee or any successor trustee. Bonds may be transferred or exchanged for Bonds of the same issue of authorized denominations at the principal corporate trust office of the Trustee, in each case without cost except for any tax or other governmental charge. See, *"BOOK-ENTRY SYSTEM"* below for a description of the initial book entry system applicable to the Bonds. The Bonds are issued solely in denominations of $5,000 or integral multiples thereof.

Interest on the Bonds

The Bonds shall bear interest from their date at the rates set forth on the cover page hereof (computed on the basis of a 360-day year of twelve 30-day months) until the payment of principal. The Bonds shall bear interest at such rates on overdue principal and, to the extent permitted by law, on overdue interest. Interest on the Bonds will be payable on the first days of April and October in each year, commencing April 1, 2005.

Interest payments shall be made to the registered owner as of the fifteenth day of the month immediately preceding each interest payment date (the *"Record Date"*) by check or draft mailed to such registered owner at his registered address or at such other address as he may furnish to the Trustee on or prior to the Record Date or, at the written election of a registered owner of $1,000,000 or more in aggregate principal amount of Bonds delivered to the Trustee at least one Business Day prior to the Record Date for which such election will be effective, by wire transfer to the registered owner or by deposit into the account of the registered owner if such account is maintained by the Trustee. If any payment on the Bonds is due on a non-Business Day, it will be made on the next Business Day, and no interest will accrue as a result.

Security for the Bonds

The Bonds will be limited obligations of the Issuer payable, except to the extent payable from the proceeds from the sale of the Bonds and the investment thereof, solely from and secured by a pledge of (i) payments made by the Company pursuant to the Loan Agreement, and any other amounts received thereunder (except for fees and expenses payable to the Issuer and the Issuer's right to indemnification in certain circumstances), and (ii) the income and profit from the investment of such payments and moneys. The Loan Agreement provides that payments sufficient for the prompt payment when due of the principal of, and premium, if any, and interest on, the Bonds will be paid to the Trustee by the Company for the account of the Issuer.

THE PENNINGTON COUNTY BONDS SHALL NOT BE A GENERAL OBLIGATION OF PENNINGTON COUNTY, NOR SHALL THEY BE PAYABLE IN ANY MANNER BY TAXATION.

THE CAMPBELL COUNTY BONDS AND THE WESTERN COUNTY BONDS SHALL NEVER CONSTITUTE NOR GIVE RISE TO A PECUNILARY LIABILITY OF CAMPBELL COUNTY OR WESTON COUNTY, RESPECTIVELY, OR A CHARGE AGAINST THEIR RESPECTIVE GENERAL CREDIT OR TAXING POWERS.

The Projects do not constitute any part of the security for the Bonds.

The Issuer will pledge and assign to the Trustee, as security for the benefit of the owners of the Bonds, all right, title and interest in and to the related Loan Agreement (except for certain rights of the Issuer to payments under the related Loan Agreement for its own account and to notices, certificates, requests, requisitions or communications under the related Loan Agreement and certain rights and privileges related to indemnification and rights of access to the Project).

Redemption

Optional Redemption of Bonds Maturing October 1, 2014. The Pennington County Bonds, the Weston County Bonds and those Campbell County Bonds maturing on October 1, 2014 are subject to redemption at the direction of the Company in whole or in part at any time, on or after October 1, 2009 (and then at the earliest practical date for which notice of redemption can be given by the Trustee), at a redemption price of par plus accrued interest to the Redemption Date.

Optional Redemption of Campbell County Bonds Maturing October 1, 2024. The Campbell County Bonds maturing on October 1, 2024 are also subject to redemption at the direction of the Company in whole or in part at any time, on or after October 1, 2014 (and then at the earliest practical date for which notice of redemption can be given by the Trustee), at the redemption prices (expressed as percentages of their principal amount) set forth in the table below plus accrued interest to the Redemption Date:

REDEMPTION DATES	REDEMPTION PRICES
October 1, 2014 to September 30, 2015	102%
October 1, 2015 to September 30, 2016	101%
From and after October 1, 2016	100%

Extraordinary Optional Redemption. The Bonds of each issue may be redeemed in whole at the option of the Company at a redemption price of 100% of the principal amount of the Bonds plus accrued interest to the redemption date on any date after the occurrence of either of the following:

(a) All or substantially all of the related Project is damaged, destroyed, condemned or taken by eminent domain.

(b) The operation of the related Project is enjoined or prevented or is otherwise prohibited by, or conflicts with, any order, decree, rule or regulation of any court or federal, state or local regulatory body, administrative agency or other governmental body.

Mandatory Redemption on Determination of Taxability. The Bonds of each issue will be redeemed in whole (or in part as provided below) at a redemption price of 100% of the principal amount of Bonds redeemed plus accrued interest to the redemption date on any day within 180 days after the Company receives written notice from a registered owner or former registered owner or the Trustee of a final determination by the Internal Revenue Service or a court of competent jurisdiction that the interest paid or to be paid on any Bond of such issue (except to a *"substantial user"* of the related Project or a *"related person"* within the meaning of Section 103(b)(13) of the Internal Revenue Code of 1954, as amended (the "1954 Code")) is or was includable in the gross income of the Bond's owner for federal income tax purposes. No such determination will be considered final unless the registered owner or former registered owner involved in the determination gives the Company and the Trustee prompt written notice of the commencement of the proceedings resulting in the determination and offers the Company, subject to the Company's agreeing to pay all expenses of the proceedings and to indemnify the registered owner against all liabilities that might result from it, the opportunity to control the defense of the proceedings and either the Company does not agree within 30 days to pay the expenses, indemnify the registered owner and control the defense or the Company exhausts or chooses not to exhaust available procedures to contest or obtain review of the result of the proceedings. Fewer than all the Bonds of an issue may be redeemed if redemption of fewer than all would result in the interest payable on the Bonds of such issue remaining outstanding being not includable in the gross income for federal income tax purposes of any owner other than a

"substantial user" or "related person." If fewer than all Bonds of an issue are redeemed, the Trustee will select the Bonds to be redeemed by lot as provided in the Indenture or by such other method acceptable to the Trustee as may be specified in an Opinion of Tax Counsel (as defined in the Indenture).

Notice of Redemption. At least 30 days before each redemption date, the Trustee will mail a notice of redemption by first class mail to each registered owner of Bonds of such issue at the registered owner's registered address. If there is more than one registered owner of Bonds of an issue, notice shall also be sent to certain registered securities depositories and national information services. Failure to give any notice of redemption as to any particular Bonds will not affect the validity of the call for redemption of any Bonds in respect of which no failure occurs. Any notice mailed as provided in this paragraph will be conclusively presumed to have been given whether or not actually received by the addressee. Any notice of redemption at the direction of the Company may state that the redemption is conditioned on receipt of moneys for such redemption by the Trustee prior to the redemption date; if such moneys are not received, the redemption of the Bonds for which notice was given shall not be made.

Effect of Notice of Redemption. When notice of redemption is given, Bonds called for redemption become due and payable on the redemption date at the applicable redemption price. In such case when funds are deposited with the Trustee sufficient for redemption, interest on the Bonds to be redeemed ceases to accrue as of the date of redemption.

BOOK-ENTRY SYSTEM

Information concerning The Depository Trust Company, New York, New York ("DTC") and the Book-Entry System has been obtained from DTC and is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, the Issuers, the Underwriters or the Trustee.

Bonds in Book-Entry Form

Beneficial ownership in the Bonds will be available to Beneficial Owners (as described below) only by or through DTC Participants via a book-entry system (the "Book-Entry System") maintained by DTC. If the Bonds are taken out of the Book-Entry System and delivered to owners in physical form, as contemplated hereinafter under "Discontinuance of DTC Services," the following discussion will not apply.

DTC and Its Participants

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Series Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Indenture or Loan Agreement. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payment of principal, interest and redemption prices on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Issuer or Trustee, on a payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, Trustee, the Company, or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, interest and redemption prices to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

For so long as the Bonds are registered in the name of DTC or its nominee, Cede & Co., the Issuer and the Trustee will recognize only DTC or its nominee, Cede & Co., as the registered owner of the Bonds for all purposes, including payments, notices and voting.

Under the Indenture, payments made by the Trustee to DTC or its nominee will satisfy the Issuer's obligations under the Indenture and the Company's obligations under the Loan Agreement, to the extent of the payments so made.

Neither the Issuer, the Underwriters, the Company nor the Trustee will have any responsibility or obligation with respect to (i) the accuracy of the records of DTC, its nominee or any DTC Participant or Indirect Participant with respect to any beneficial ownership interest in any Bond, (ii) the delivery to any DTC Participant or Indirect Participant or any other Person, other than an owner, as shown in the Bond Register, of any notice with respect to any Bond including, without limitation, any notice of redemption, tender, purchase or any event which would or could give rise to a tender or purchase right or option with respect to any Bond, (iii) the payment of any DTC Participant or Indirect Participant or any other Person, other than an owner, as shown in the Bond Register, of any amount with respect to the principal of, premium, if any, or interest on, or the purchase price of, any Bond or (iv) any consent given by DTC as registered owner.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the Issuer. Under certain circumstances, in the event that a successor securities depository is not obtained, Bonds are required to be printed and delivered.

Each Issuer may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository). In that event, the Bonds will be printed and delivered to DTC.

Prior to any discontinuation of the book-entry only system described above, the Issuer and the Trustee may treat DTC as, and deem DTC to be, the absolute owner of the Bonds for all purposes whatsoever, including, without limitation, (i) the payment of principal of, premium, if any, and interest on the Bonds, (ii) giving notices of redemption and other matters with respect to the Bonds, (iii) registering transfers with respect to the Bonds and (iv) the selection of Bonds for redemption.

Discontinuance of DTC Services

DTC may discontinue providing its services as securities depository with respect to an issue of Bonds at any time by giving notice to the Issuer and the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be authenticated and delivered.

The Company may, as provided in the Indenture, decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be authenticated and delivered.

Use of Certain Terms in Other Sections of the Official Statement

In reviewing this Official Statement it should be understood that while the Bonds are in the Book-Entry System, reference in other sections of this Official Statement to owners of such Bonds should be read to include any person for whom a Participant acquires an interest in Bonds, but (i) all rights of ownership, as described herein, must be exercised through DTC and the Book-Entry System and (ii) notices that are to be given to registered owners by the Trustee

will be given only to DTC. DTC is required to forward (or cause to be forwarded) the notices to the Participants by its usual procedures so that such Participants may forward (or cause to be forwarded) such notices to the Beneficial Owners.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

THE LOAN AGREEMENTS

Each Loan Agreement is separate and distinct from the others. Except where otherwise indicated, the following summary applies to each Loan Agreement individually. This summary is not a complete recital of the terms of the Loan Agreements and reference is made to the Loan Agreements in their entirety.

Issuance of Bonds

In order to provide financing to pay the principal portion of the redemption price of the Prior Bonds, each Issuer will issue its Bonds and loan or otherwise make available the proceeds thereof to the Company. The proceeds of the sale of the Bonds will be deposited with the Trustee and paid to the trustee for the Prior Bonds to be used to pay the principal portion of the redemption price of the Prior Bonds which will be redeemed approximately 30 days following the date of issuance of the Bonds.

Payments Required under the Loan Agreement

Under the Loan Agreement, the Company agrees to pay to the Trustee on or before 12:00 p.m. M.S.T. on each date on which any payment of principal of, premium, if any, or interest on the Bonds is due (whether at maturity or upon redemption or acceleration or otherwise), an amount which, together with other moneys held by the Trustee under the Indenture and available therefor, will be sufficient to enable the Trustee to pay the principal of, premium, if any, and interest on such Bonds due on such date. If the Company defaults on any such payment, the Company will pay interest (to the extent allowed by law) on such amount until paid at the rate provided for in the Bonds.

The Company also agrees that so long as any Bonds are outstanding it will pay all amounts required to prevent any deficiency or default in any payment of such Bonds, including any deficiency caused by an act or failure to act by the Issuer, the Company, the Trustee, or any other person.

The obligations of the Company to make such payments are absolute and unconditional.

The Company is also required under the Loan Agreement to pay the reasonable fees and expenses of the Trustee, the Issuer and all other fiduciaries and agents serving under the Indenture.

Maintenance of Existence

The Company agrees that during the term of the Loan Agreement and so long as any Bond is outstanding, it will maintain its corporate existence and continue to be a corporation in good standing under the laws of the State of South Dakota and continue to be a corporation in good standing under the laws of the states where the Issuer is located, and will not dissolve or otherwise dispose of all or substantially all of its assets. The Company will not consolidate with or merge into another legal entity or permit one or more of the legal entities (other than one or more subsidiaries of the Company) to consolidate with or merge into it, or sell or otherwise transfer to another legal entity all or substantially all its assets as an entirety and dissolve, unless (a) in the case of any merger or consolidation, the Company is the surviving corporation or (b)(i) the resulting, surviving or transferee legal entity is organized and existing under the laws of the United States, a state thereof or the District of Columbia, is a regulated utility and assumes in writing all the obligations of the Company under each Loan Agreement and (ii) no event which constitutes, or which with the giving of notice or the lapse of time or both would constitute an Event of Default shall have occurred and be continuing immediately after such merger, consolidation or transfer.

Covenants Relating to the Exclusion of Interest Paid on the Bonds

The Company covenants in the Loan Agreement that moneys on deposit in any fund in connection with the Bonds will not be used in any manner that would cause the Bonds to be classified as "arbitrage bonds" within the meaning of Section 148 of the Code and any lawful regulations promulgated thereunder. The Company also covenants that it will not take or authorize or permit, to the extent such action is within the control of the Company, any action to be taken with respect to the Project, or the proceeds of the Bonds (including investment earnings thereon), or any other proceeds derived directly or indirectly in connection with the Project, which will result in the loss of the exclusion of interest on the Bonds from the federal gross income of the owners of the Bonds under Section 103 of the Code (except for any Bond during any period while any such Bond is held by a person referred to in Section 103(b)(13) of the Internal Revenue Code of 1954); and the Company also will not omit to take any action in its power which, if omitted, would cause such a result.

Remedies on Default

Upon the occurrence and continuation of an Event of Default under the Indenture, the Trustee may take whatever action may appear necessary or desirable to collect the payments then due or to become due, or to enforce performance of any agreement of the Company under the Loan Agreement.

Financial Reports

The Company covenants that, in the event it is no longer obligated to file reports with the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended, it will furnish the Trustee (and if requested in writing, by any Bondowner) all financial

statements which it sends to its shareholders, within 60 days after such financial statements are so sent.

THE INDENTURES

Each Indenture is separate and distinct from the others. Except where otherwise indicated, the following summary applies to each Indenture individually. This summary is not a complete recital of the terms of the Indentures and reference is made to the Indentures in their entirety.

Pledge and Security

Pursuant to the Indenture, the Issuer has assigned to the Trustee and has granted the Trustee a security interest in all right, title and interest of the Issuer in and to (a) the Loan Agreement, including the current and continuing right to claim, collect, receive and give receipts for all amounts payable by or receivable from the Company under the Loan Agreement, to bring actions and proceedings under the Loan Agreement or for the enforcement of the Loan Agreement and to do all things that the Issuer is entitled to do thereunder (except for certain rights of the Issuer to certain fees, indemnification and expense payments) and (b) all moneys and securities held from time to time by the Trustee under such Indenture for the equal and proportionate benefit of all holders of the Bonds without priority or distinction as to lien or otherwise of any Bonds over any other Bonds, except as otherwise provided in the Indenture. To the extent provided in the Indenture, the Trustee will have a prior claim on certain amounts held by it under the Indenture for the payment of its compensation and expenses and for the repayment of advances made by it to effect performance of certain covenants in the Indenture.

Bond Fund

The Issuer will establish with each Trustee a Bond Fund under the Indenture. There will be deposited in the Bond Fund all accrued interest received at the time of the issuance and delivery of the Bonds. In addition, there shall be deposited into the Bond Fund, as and when received, (a) all payments with respect to the Bonds and prepayments of such amounts by the Company payable pursuant to the Loan Agreement, and (b) all other moneys received by the Trustee under and pursuant to any of the provisions of the Loan Agreement or Indenture which are required or which are accompanied by directions that such moneys are to be paid into the Bond Fund. The Issuer has assigned to the Trustee all amounts to be paid by the Company under the Loan Agreement with respect to principal of, premium, if any, and interest on the Bonds. Such amounts will be deposited in the Bond Fund together with any other amounts available for such purpose under the Indenture and will be used solely to pay the principal of, premium, if any, and interest on the Bonds as the same become due and payable (whether on an interest payment date, at maturity or upon prior redemption or acceleration of the Bonds).

Defaults

The Indenture provides that each of the following will constitute an *"Event of Default"* thereunder:

(a) Failure to make due and punctual payment of any interest on any Bond.

(b) Failure to make due and punctual payment of the principal on any Bond when due, whether at the stated maturity thereof, or upon redemption, acceleration or otherwise.

(c) Failure by the Issuer to perform any of its agreements in such Indenture or the Bonds of such issue (except a failure that results in an Event of Default under clause (a) or (b) above), the performance of which is material to the registered owners of the Bonds of such issue, which failure continues after the notice and for the period specified below.

(d) Failure by the Company to perform any of its agreements in the Loan Agreement (except a failure that results in an Event of Default under clause (a) or (b) above) which failure continues after the notice and for the periods specified below.

(e) Certain events of liquidation, bankruptcy or reorganization by the Company.

A default described in clause (c) or (d) above is not an Event of Default until notice of such default is given to the Issuer and the Company by the Trustee or the registered owners of at least 25% in principal amount of the Bonds then outstanding and unless such default has not been cured within 60 days after receipt of such notice (or such longer period to which the Trustee agrees). The Trustee shall not unreasonably refuse to agree to a longer period if the default cannot reasonably be cured within 60 days and the Issuer or the Company is diligently attempting to correct the default.

Remedies

The Indenture provides that on the occurrence and continuation of an Event of Default described above, the Trustee by notice to the Issuer and the Company, or the registered owners of at least 25% in principal amount of the Bonds then outstanding by notice to the Issuer, the Company and the Trustee (except for an Event of Default under clause (e) above, for which a declaration can be made without such notice), may declare the principal of and the accrued interest on the Bonds to be immediately due and payable, and such principal and interest shall thereupon become and be immediately due and payable. The Trustee shall immediately give notice of acceleration to the registered owners of such issue.

The Trustee may, and upon the request of the registered owners of a majority in principal amount of the Bonds then outstanding shall, rescind an acceleration and its consequences if all existing Events of Default have been cured or waived, if the rescission would not conflict with any judgment or decree and if all payments due to the Trustee have been made.

If an Event of Default occurs and is continuing, the Trustee may pursue any available remedy by proceeding at law or in equity to collect the principal of, or interest on, the Bonds or to enforce the performance of any provision of the Bonds, the Indenture or the Loan Agreement.

The registered owners of a majority in principal amount of the Bonds then outstanding may waive an existing Event of Default and its consequences. No such waiver shall apply to any later or other Event of Default.

The registered owners of a majority in principal amount of the Bonds then outstanding will have the right to direct the time, method and place of conducting all remedial proceedings to be taken by the Trustee, but the Trustee may refuse to follow such direction if it conflicts with law or the Indenture or if the Trustee determines that it is unduly prejudicial to the rights of other owners of the Bonds or would involve the Trustee in personal liability.

No registered owner of any Bond will have the right to pursue any remedy under the Indenture or the Bonds unless (a) the registered owner gives the Trustee notice stating that an Event of Default is continuing, (b) the registered owners of at least 25% in principal amount of the Bonds then outstanding have made written request to the Trustee to pursue such remedy and have provided the Trustee with indemnity satisfactory to the Trustee and (c) the Trustee does not comply with such request within 60 days after receipt of such request and offer of indemnity.

Any moneys collected by the Trustee as the result of an Event of Default shall be applied first to the payment of the costs and expenses of the Trustee and then to the payment of interest due with interest on defaulted interest (to the extent permitted by law), then principal due (whether by acceleration or otherwise) and then to redemption premium, if any, due.

Amendment of and Supplements to Indenture

The Indenture provides that the Issuer and the Trustee may amend or supplement the Indenture or the Bonds, without notice to or the consent of any registered owner, for any of the following purposes:

(a) to cure any ambiguity, inconsistency or formal defect or omission;

(b) to grant to the Trustee for the benefit of the registered owners additional rights, remedies, powers or authority;

(c) to subject to the Indenture additional collateral or add other agreements of the Issuer;

(d) to comply with the requirements of the Trust Indenture Act of 1939, as amended, and certain other securities laws;

(e) to evidence the succession of a new Trustee or the appointment of a co-trustee under the Indenture;

(f) to make any change that does not materially adversely affect the rights of any registered owner; or

(g) to amend, modify or alter provisions relating to the Book-Entry System.

In addition to amendments and supplements permitted as described above, the Issuer and the Trustee may amend or supplement the Indenture upon notice to the registered owners and with the consent of the registered owners of at least a majority in principal amount of the Bonds then outstanding, except that no amendment or supplement to the Indenture shall, without the consent of each registered owner affected (a) extend the maturity of the principal of, or the interest on, any Bond; (b) reduce the principal amount of, or the rate of interest on, any Bond; (c) effect a privilege or priority of any Bond or Bonds over any other Bond or Bonds; (d) reduce the percentage of the principal amount of the Bonds required for consent to such amendment or supplement; (e) impair the exclusion of interest on the Bonds from the federal gross income of the owner of any Bond; (f) eliminate any mandatory redemption of the Bonds or call for mandatory redemption or reduce the redemption price of such Bonds; (g) create a lien ranking prior to or on a parity with the lien of the Indenture on the property described in the Granting Clause of the Indenture; or (h) deprive any registered owner of the lien created by the Indenture on such property. If moneys or U.S. Government Obligations (as defined below under *"Discharge of Indenture"*) have been deposited or set aside with the Trustee pursuant to the Indenture for the payment of Bonds and those Bonds have not, in fact, been paid in full, no amendment to such provision of the Indenture shall be made without the consent of each of the registered owners affected.

The Trustee will sign any amendment or supplement to the Indenture or the Bonds authorized by the Indenture if the amendment or supplement does not adversely affect its rights, duties, liabilities or immunities. If it does, the Trustee may, but need not, sign it. In signing an amendment or supplement, the Trustee is entitled to receive and (subject to certain provisions in the Indenture) will be fully protected in relying on an opinion of counsel stating that such amendment or supplement is authorized by the Indenture. No amendment or supplement to the Indenture or the Bonds will become effective without the written consent of the Company delivered to the Trustee.

Amendment of and Supplements to Loan Agreement

The Indenture provides that the Issuer may enter into, and the Trustee may consent to, amendment of or supplements to the Loan Agreement without notice to or the consent of any registered owner, if such amendment or supplements are required or permitted (a) by the provisions of the Loan Agreement or the Indenture, (b) to cure any ambiguity, inconsistency or formal defect or omission, (c) in connection with any authorized amendment of or supplement to the Indenture, or (d) to make any change that does not materially adversely affect the rights of any registered owner.

In addition to amendments and supplements permitted as described above, the Issuer may enter into, and the Trustee may consent to, amendments of or supplements to the Loan Agreement upon notice to the registered owners and with the consent of the registered owners of at least a majority in aggregate principal amount of the Bonds of such issue then outstanding. However, without the consent of each registered owner affected, no amendment or supplement may have any of the effects described in clauses (a) through (h) under *"Amendment of and Supplements to Indenture"* above.

The Trustee will consent to any amendment or supplement to the Loan Agreement authorized by the Indenture, if the amendment or supplement does not adversely affect its rights, duties, liabilities or immunities. If it does, the Trustee may, but need not, sign it. In signing a consent to an amendment or supplement, the Trustee shall be entitled to receive and (subject to certain provisions in the Indenture) shall be fully protected in relying on an opinion of counsel stating that such amendment or supplement is authorized by the Indenture.

Discharge of Indenture

When a Bond is deemed to be paid, it is no longer an obligation of the Issuer, and it is not secured by or entitled to the benefits of the Indenture, except for payment from the funds deposited pursuant to clause (a)(2) below, and except that it may be transferred, exchanged, registered, or replaced as provided in such Indenture. Any Bond will be deemed paid when (a) payment of the principal of and interest on the Bond to the due date of such principal and interest (whether at maturity, upon redemption or otherwise) either (1) has been made in accordance with the terms of the Bonds or (2) has been provided for by depositing with the Trustee (A) moneys sufficient to make such payment and/or (B) U.S. Government Obligations maturing as to principal and interest in such amounts and at such times as will insure, without reinvestment, the availability of sufficient moneys to make such payment, and (b) all compensation and expenses of the Trustee pertaining to each Bond in respect of which such deposit is made have been paid or provided for to the Trustee's satisfaction. After such a discharge, the owners of the Bonds must look only to the deposited money and securities for payment. No deposit described in clause (a)(2) above will be made until the Company has furnished the Trustee an Opinion of Tax Counsel stating that the deposit of such cash or U.S. Government Obligations will not adversely affect the exclusion from gross income on the related issue of Bonds.

"U.S. Government Obligations" means (i) direct obligations of the United States for which its full faith and credit are pledged, (ii) obligations of a person controlled or supervised by and acting as an agency or instrumentality of the United States, the payment of which is unconditionally guaranteed as a full faith and credit obligation of the United States, or (iii) securities or receipts evidencing ownership interests in obligations or specified portions (such as principal or interest) of obligations described in (i) or (ii) above.

TAX EXEMPTION

Federal

Federal tax law contains a number of requirements and restrictions which apply to the Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of bond proceeds and the facilities financed therewith, and certain other matters. Each Issuer and the Company have covenanted to comply with all requirements that must be satisfied in order for the interest on the Bonds of such Issuer to be excludible from gross income for federal income tax purposes. Failure to comply with certain of such covenants could cause interest on such issue of the Bonds to become includible in gross income for federal income tax purposes retroactively to the date of issuance of such Bonds.

Subject to compliance by the applicable Issuer and the Company with the above-referenced covenants, under present law, in the opinion of Bond Counsel, interest on each issue of the Bonds is not includible in the gross income of the owners thereof for federal income tax purposes, except for interest on any Bond of an issue for any period during which such Bond is owned by a person who is a substantial user of the applicable Project or any person considered to be related to such person (within the meaning of Section 103(b)(13) of the 1954 Code) and such interest is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations. Such interest is taken into account, however, in computing an adjustment used in determining the federal alternative minimum tax for certain corporations.

The Internal Revenue Code of 1986, as amended (the "Code") includes provisions for an alternative minimum tax (*"AMT"*) for corporations in addition to the corporate regular tax in certain cases. The AMT, if any, depends upon the corporation's alternative minimum taxable income (*"AMTI"*), which is the corporation's taxable income with certain adjustments. One of the adjustment items used in computing AMTI of a corporation (excluding S Corporations, Regulated Investment Companies, Real Estate Investment Trusts, REMICs and FASITs) is an amount equal to 75% of the excess of such corporation's "adjusted current earnings" over an amount equal to its AMTI (before such adjustment item and the alternative tax net operating loss deduction). "Adjusted current earnings" would include all tax exempt interest, including interest on the Bonds.

In rendering its opinions, Bond Counsel will rely upon certifications of the Issuers and the Company with respect to certain material facts solely within the Issuers' and the Company's knowledge. Bond Counsel's opinions represent its legal judgment based upon its review of the law and the facts that it deems relevant to render such opinions and are not a guarantee of a result.

Under the provisions of Section 884 of the Code, a branch profits tax is levied on the "effectively connected earnings and profits" of certain foreign corporations, which include tax-exempt interest such as interest on the Bonds.

Ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the Bonds should consult their tax advisors as to applicability of any such collateral consequences.

If a Bond is purchased at any time for a price that is less than the Bond's stated redemption price at maturity the purchaser will be treated as having purchased a Bond with market discount subject to the market discount rules of the Code (unless a statutory *de minimis* rule applies). Accrued market discount is treated as taxable ordinary income and is recognized when a Bond is disposed of (to the extent such accrued discount does not exceed gain realized) or, at the purchaser's election, as it accrues. The applicability of the market discount rules may

adversely affect the liquidity or secondary market price of such Bond. Purchasers should consult their own tax advisors regarding the potential implications of market discount with respect to the Bonds.

There are or may be pending in the Congress of the United States legislative proposals, including some that carry retroactive effective dates, that, if enacted, could alter or amend the federal tax matters referred to above or adversely affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to bonds issued prior to enactment. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

The Internal Revenue Service (the "*Service*") has an ongoing program of auditing tax–exempt obligations to determine whether, in the view of the Service, interest on such tax–exempt obligations is includible in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether or not the Service will commence an audit of any issue of the Bonds. If an audit is commenced, under current procedures the Service will treat the Issuer of such Bonds as the taxpayer and the Bondholders may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of such Bonds until the audit is concluded, regardless of the ultimate outcome.

State and Local

Ownership of the Bonds may result in state and local tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding any such state and local consequences arising with respect to the Bonds. Prospective purchasers of the Bonds should consult their tax advisors regarding the applicability of such state and local taxes.

CONTINUING DISCLOSURE AGREEMENT

The Company will enter into a Continuing Disclosure Agreement dated as of November 1, 2004 (the *"Continuing Disclosure Agreement"*) for the benefit of the Bondholders to provide certain information annually and to provide notice of certain events to certain information repositories pursuant to the requirements of Section (b)(5) of Rule 15c2-12 (the "Rule") adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended. The information to be provided on an annual basis, the events which will be noticed on an occurrence basis and other terms of the Continuing Disclosure Agreement, including termination, amendment and remedies, are set forth in APPENDIX C hereto.

Failure by the Company to comply with the Continuing Disclosure Agreements will not constitute an event of default under the corresponding Indenture or the Loan Agreement and the Bondholders are limited to the remedies described in such Continuing Disclosure Agreement. Failure by the Company to comply with the Continuing Disclosure Agreement must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the related Bonds in the secondary market.

Consequently, any such failure may adversely affect the transferability and liquidity of the related Bonds and their market price.

RATING

Moody's Investors Service, Inc. has assigned its municipal bond rating of "Baa2" to the Bonds. The rating assigned to the Bonds reflect only the views of the rating agency, and an explanation of the significance of such rating may be obtained only from the rating agency. There is no assurance that such rating will continue for any given period of time or that it will not be revised or withdrawn entirely, if, in the sole judgment of the rating agency, circumstances so warrant. Any downward revision or withdrawal of the rating may have an adverse effect on the trading value and market price of the Bonds.

LITIGATION

The Company is not involved in any pending litigation or proceeding, nor is it aware of any pending litigation or proceeding, which might result in material liability on the part of the Company or its subsidiaries or adversely impact its ability to make payments under the Loan Agreements sufficient to pay debt service on the Bonds when due.

LEGAL MATTERS

Certain legal matters incident to the authorization and issuance of the Bonds are subject to the approving legal opinions of Chapman and Cutler LLP, Chicago, Illinois, Bond Counsel. Certain legal matters will be passed on for Campbell County by Carol J. Seeger, Esq., its Deputy County Attorney, for Weston County by Donald B. Hansen, its County Attorney, and for Pennington County by its Deputy States Attorney. Certain legal matters will be passed on for the Company by Steven J. Helmers, Esq., General Counsel and by Dray, Thomson & Dyekman, P.C., Cheyenne, Wyoming, Special Wyoming Counsel to the Company. Certain legal matters will be passed on for the Underwriters by their counsel, Ungaretti & Harris LLP, Chicago, Illinois.

Bond Counsel has not been retained or consulted on disclosure matters and has not undertaken to review or verify the accuracy, completeness or sufficiency of this Official Statement or other offering material relating to the Bonds and assumes no responsibility for the statements or information contained in or incorporated by reference in this Official Statement, except that in its capacity as Bond Counsel, Chapman and Cutler LLP has, at the request of the Underwriters supplied the information under the heading "TAX EXEMPTION," and reviewed the statements describing its approving opinions and under the headings "THE BONDS," "THE LOAN AGREEMENTS" and "THE INDENTURES," solely to determine whether such information is accurate in all material respects. This review was undertaken solely at the request and for the benefit of the Underwriters.

UNDERWRITING

LaSalle Capital Markets, A Division of ABN AMRO Financial Services, Inc. and Wells Fargo Brokerage Services, LLC, as Co-managers (collectively, the "*Underwriters*") have agreed, subject to certain terms and conditions, to purchase from each Issuer the related Bonds at the prices or yields set forth on the cover page of this Official Statement. For their services in connection with the purchase and offering of the Bonds, the Company has agreed to pay to the Underwriters a fee in the aggregate amount of $209,812.50 and to reimburse the Underwriters for certain expenses. The purchase of one issue of the Bonds is not contingent upon the purchase of any other issue. The Company has agreed to indemnify the Underwriters against certain liabilities, including certain liabilities under the Securities Act of 1933, as amended.

The Underwriters may offer and sell the Bonds to certain dealers (including dealers depositing any of the Bonds into investment trusts) and others at prices lower than the public offering price stated on the cover page hereof. After the initial public offering, the public offering price of each issue of the Bonds may be changed from time to time by the Underwriters.

MISCELLANEOUS

Summaries of documents contained herein do not purport to be complete and are expressly made subject to the exact provisions of the complete documents. For details of all terms and conditions, prospective purchasers of the Bonds are referred to the complete documents which may be reviewed during regular business hours at the office of LaSalle Capital Markets, Inc., a Division of ABN AMRO Financial Services, Inc. or, after the issuance of the Bonds, the Trustee for such issue.

The delivery of this Official Statement or any sale of the Bonds described herein shall not, under any circumstances, create an implication that there has been no change in the business affairs or financial condition of the Company since the date hereof.

The use of this Official Statement has been duly authorized by the Company and, solely with respect to the information pertaining to each respective Issuer under the caption "THE ISSUERS" above, each Issuer.

BLACK HILLS POWER, INC.

By _____
Executive Vice President and
Chief Financial Officer

APPENDIX A
BLACK HILLS POWER, INC.

Black Hills Power, Inc. (the "Company) is an electric utility serving customers in South Dakota, Wyoming and Montana. The Company engages in the generation, transmission and distribution of electricity. The Company incorporated in South Dakota and began providing electric utility service in 1941. In 2000, the Company became a wholly owned subsidiary of Black Hills Corporation through a "plan of exchange" between the Company and Black Hills Corporation.

Distribution and Transmission

The Company's distribution and transmission businesses serve approximately 61,000 electric customers, with an electric transmission system of 447 miles of high voltage lines and 513 miles of lower voltage lines. In addition, the Company jointly owns 43 miles of high voltage lines with Basin Electric Cooperative. The Company's service territory covers a 9,300 square mile area of western South Dakota, eastern Wyoming and southeastern Montana with a strong and stable economic base. Over 90 percent of the Company's retail electric revenues are generated in South Dakota.

The following are characteristics of the Company's distribution and transmission businesses:

- The Company has a diverse customer and revenue base. The revenue mix for the year ended December 31, 2003 was comprised of 30 percent commercial, 23 percent residential, 16 percent contract wholesale, 18 percent wholesale off-system, 12 percent industrial and 1 percent municipal sales and other revenue. Approximately 74 percent of the Company's large commercial and industrial customers are provided service under long-term contracts. The Company has historically optimized the utilization of our power supply resources by selling wholesale power to other utilities and to power marketers in the spot market and through short-term sales contracts.

- In 1999, the South Dakota Public Utilities Commission extended the Company's previous retail rate freeze until January 1, 2005. The rate freeze preserves the Company's low-cost rate structure for our retail customers at levels below the national average while allowing it to retain the benefits from cost savings and from wholesale "off-system" sales, which are not covered by the rate freeze. This provides the Company with flexibility in allocating our generating capacity to maximize returns in changing market environments.

- 18 percent of the Company's electric revenues for the year ended December 31, 2003 consisted of off-system and short-term contract wholesale sales.

- The Company and Basin Electric Power Cooperative completed the construction of a jointly owned AC-DC-AC transmission tie (the transmission tie) in the fourth

quarter of 2003. The transmission tie provides an interconnection between the Western and Eastern transmission grids, which provides the Company with access to both the Western Electricity Coordinating Council (WECC) region and the Mid-Continent Area Power Pool, or "MAPP" region. The total transfer capacity of the tie is 400 megawatts – 200 megawatts West to East and 200 megawatts from East to West, of which the Company owns 35 percent. This interconnection allows the Company to buy and sell energy in both markets without having to isolate and physically reconnect load or generation between the two electrical transmission grids. The transmission tie is bidirectional and thus accommodates scheduling transactions in both directions simultaneously. This transfer capability provides additional opportunity to sell the Company's excess generation or to make economic purchases to serve its native load, contract obligations, and to take advantage of the power price differentials between the two electric grids. Additionally, the Company's system is capable of directly interconnecting up to 80 megawatts of generation or load to either the Eastern or Western transmission grids. The available transmission capacity of the MAPP transmission system determines how much capacity may be directly interconnected to the Eastern system.

- The Company has firm point-to-point transmission access to deliver up to 17 megawatts of power on PacifiCorp's system to wholesale customers in the Western region during 2004 through 2006 and 50 megawatts during 2007 through 2023.

- The Company has firm network transmission access to deliver 36 megawatts of power on PacifiCorp's system to Sheridan, Wyoming to serve the Company's contract with Montana-Dakota Utilities Company through 2006.

Power Sales Agreements

The Company sells approximately 47 percent of our utility's current load under long-term contracts. The Company's key contracts include a contract with Montana-Dakota Utilities Company, expiring in 2007, for the sale of up to 55 megawatts of energy and capacity to service the Sheridan, Wyoming electric service territory, and a contract with the City of Gillette, Wyoming, expiring in 2012, to provide the city's first 23 megawatts of capacity and energy. Both contracts are integrated into our control area and are treated as firm native load. In April 2001, we began selling 30 megawatts of firm capacity and energy to Public Service Company of Colorado (PSCO) for a period through 2004. For the 10-year period beginning in 2003, our utility and our power generation segment each provide 20 megawatts of unit contingent energy and capacity to the Municipal Energy Agency of Nebraska.

Regulated Power Plants and Purchased Power

The Company's utility electric load is served by coal-, oil- and natural gas-fired generating units providing 435 megawatts of generating capacity all of which is located in South

Dakota and Wyoming, and from the following purchased power and capacity contracts with PacifiCorp:

- a power sales agreement expiring in 2023, involving the purchase by the Company of 50 megawatts of baseload power; and

- a reserve capacity integration agreement expiring in 2012, which makes available to the Company 100 megawatts of reserve capacity in connection with the utilization of the Ben French CT units.

Since 1995, the Company has been a net producer of energy. The Company reached its peak system load of 392 megawatts in August 2001. None of the Company's generation is restricted by hours of operation, thereby providing us with the ability to generate power to meet demand whenever necessary and feasible.

AVAILABLE INFORMATION

The information contained or incorporated by reference in this Appendix to the Official Statement has been obtained from the Company. The Company is subject to the informational requirements of the Securities Exchange Act of 1934 (the "Exchange Act") and in accordance therewith, files reports and other information with the Securities and Exchange Commission (the "Commission").

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The following documents filed by the Company under the Exchange Act are incorporated by reference herein:

1. Annual Report on Form 10-K for the fiscal year ended December 31, 2003.

2. Quarterly Report on Form 10-Q for the quarter ended March 31, 2004.

3. Quarterly Report on Form 10-Q for the quarter ended June 30, 2004.

The Company expects to file its Quarterly Report on Form 10-Q for the quarter ended September 30, 2004 on or about November 15, 2004.

FINANCIAL STATEMENTS

The financial statements of Black Hills Power, Inc. as of December 31, 2003, incorporated by reference in this official statement have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report.

The financial statements and supplemental schedules included in the Company's 2004 10Q filings have been prepared by Black Hills Power, Inc. without audit, pursuant to the rules and regulations of the Securities and Exchange Commission.

APPENDIX B
FORMS OF OPINIONS OF BOND COUNSEL
[LETTERHEAD OF CHAPMAN AND CUTLER LLP]

[To Be Dated the Date of Issuance]

LaSalle Capital Markets, A Division of
ABN AMRO Financial Services, Inc., on
behalf of the Underwriters
Chicago, Illinois

Campbell County, Wyoming
Gillette, Wyoming

Re: $13,750,000 Campbell County, Wyoming
Pollution Control Refunding Revenue Bonds
Series 2004 (Black Hills Power, Inc. Project)

Ladies and Gentlemen:

We hereby certify that we have examined a certified copy of the proceedings of record of Campbell County, Wyoming (the *"Issuer"*) preliminary to and in connection with the issuance by the Issuer of its Pollution Control Refunding Revenue Bonds Series 2004 (Black Hills Power, Inc. Project) in the aggregate principal amount of $13,750,000 (the *"Bonds"*). The Bonds are being issued pursuant to the provisions of Sections 15-1-701 through 15-1-710, inclusive, Wyoming Statutes (2003), as amended (the *"Act"*) and a resolution adopted by the Board of Commissioners of the Issuer on September 20, 2004, and under an Indenture of Trust dated as of October 1, 2004 (the *"Indenture"*) between the Issuer and Wells Fargo Bank, N.A., as trustee (the *"Trustee"*).

The Issuer will use the proceeds of the sale of Bonds to refund the Pollution Control Refunding Revenue Bonds (Black Hills Power and Light Company Project), Series 1994 of the City of Gillette, Wyoming (the "*Prior Gillette Bonds*") which are currently outstanding in the aggregate principal amount of $12,200,000, and the Pollution Control Refunding Revenue Bonds (Black Hills Power and Light Company) Series 1992 of the Issuer (the "*Prior Issuer Bonds*") which are currently outstanding in the aggregate principal amount of $1,550,000. The Prior Issuer Bonds were issued to refund bonds of the Issuer issued to finance costs of certain pollution control facilities of Black Hills Power, Inc. (the *"Company"*), and the Prior Gillette Bonds were issued to refund bonds of the City of Gillette, Wyoming issued to finance costs of the Company's undivided 20% interest in certain pollution control facilities, in each case located within the boundaries of the Issuer (collectively, the *"Project"*).

The Bonds are secured by and entitled to the security of a pledge and assignment of the revenues derived by the Issuer pursuant to a Loan Agreement dated as of October 1, 2004 (the *"Agreement"*) between the Issuer and the Company.

The Bonds are dated October 1, 2004, are issued as fully registered bonds in denominations of $5,000 and integral multiples thereof and mature, subject to prior redemption, on October 1 of the years, in the amounts and bearing interest at the rates per annum as follows:

YEAR OF MATURITY	PRINCIPAL AMOUNT	RATE OF INTEREST
2014	$ 1,550,000	4.80%
2024	12,200,000	5.35%

The Bonds are subject to optional, extraordinary optional and mandatory redemption by the Issuer at the times, in the manner and upon the terms specified in the Indenture.

From such examination of the proceedings of the Issuer referred to above, we are of the opinion that such proceedings show lawful authority for the issuance of the Bonds under the laws of the State of Wyoming now in force.

We have also examined executed counterparts of the Indenture and the Agreement and in our opinion each such instrument has been duly authorized, executed and delivered by the Issuer, and assuming the due authorization, execution and delivery of each such instrument by, and the binding effect of each such instrument on, the other party thereto, the Indenture and the Agreement are legal, valid and binding obligations of the Issuer, enforceable against the Issuer in accordance with their respective terms, subject to the qualification that the enforcement thereof may be limited by laws relating to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion.

We further certify that we have examined a specimen Bond of said issue and find the same in due form of law, and in our opinion the Bonds, to the amount named, are valid and legally binding upon the Issuer according to the import thereof and as provided in the Indenture, except to the extent that the enforcement thereof may be limited by laws relating to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion, and are payable by the Issuer solely from the payments due under the Agreement.

It is our opinion that, subject to the compliance by the Issuer and the Company with certain covenants, under present law, interest on the Bonds is not includible in gross income of the owners thereof for federal income tax purposes, except for interest on any Bond for any period during which such Bond is owned by a person who is a "substantial user" of the Project or any person considered to be related to such person (within the meaning of Section 103(b)(13) of the Internal Revenue Code of 1954, as amended) and such interest is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and

corporations, but it is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. Failure to comply with certain of such Issuer and Company covenants could cause the interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. Ownership of the Bonds may result in other federal tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Bonds.

Ownership of the Bonds may result in state and local tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Bonds.

We express no opinion herein as to the accuracy, adequacy or completeness of the Official Statement relating to the Bonds.

We express no opinion as to the title to, or the description of, the Project, the existence or priority of any liens, charges or encumbrances on the Project or the lien of the Indenture.

In rendering this opinion, we have relied upon certifications of the Company and the Issuer with respect to certain material facts solely within the knowledge of the Company and the Issuer. Our opinion represents our legal judgment based upon our review of the law and the facts that we deem relevant to render such opinion and is not a guarantee of a result. This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,

MRLewin:GWeinstein

[LETTERHEAD OF CHAPMAN AND CUTLER LLP]

[To Be Dated the Date of Issuance]

LaSalle Capital Markets, A Division of
ABN AMRO Financial Services, Inc., on
behalf of the Underwriters
Chicago, Illinois

Weston County, Wyoming
Newcastle, Wyoming

Re: $2,850,000 Weston County, Wyoming
Pollution Control Refunding Revenue Bonds
Series 2004 (Black Hills Power, Inc. Project)

Ladies and Gentlemen:

We hereby certify that we have examined a certified copy of the proceedings of record of Weston County, Wyoming (the *"Issuer"*) preliminary to and in connection with the issuance by the Issuer of its Pollution Control Refunding Revenue Bonds Series 2004 (Black Hills Power, Inc. Project) in the aggregate principal amount of $2,850,000 (the *"Bonds"*). The Bonds are being issued pursuant to the provisions of Sections 15-1-701 through 15-1-710, inclusive, Wyoming Statutes (2003), as amended (the *"Act"*) and a resolution adopted by the Board of Commissioners of the Issuer on September 28, 2004, and under an Indenture of Trust dated as of October 1, 2004 (the *"Indenture"*) between the Issuer and Wells Fargo Bank, N.A., as trustee (the *"Trustee"*).

The Issuer will use the proceeds of the sale of Bonds to refund the Pollution Control Refunding Revenue Bonds (Black Hills Power and Light Company) Series 1992 of the Issuer (the "*Prior Bonds*") which are currently outstanding in the aggregate principal amount of $2,850,000. The Prior Bonds were issued to refund bonds of the Issuer issued to finance costs of certain pollution control facilities of Black Hills Power, Inc. (the *"Company"*) located within the boundaries of the Issuer (the *"Project"*).

The Bonds are secured by and entitled to the security of a pledge and assignment of the revenues derived by the Issuer pursuant to a Loan Agreement dated as of October 1, 2004 (the *"Agreement"*) between the Issuer and the Company.

The Bonds are dated October 1, 2004, are issued as fully registered bonds in denominations of $5,000 and integral multiples thereof, mature, subject to prior redemption, on October 1, 2014 and bear interest at the rate of 4.80% per annum. The Bonds are subject to

optional, extraordinary optional and mandatory redemption by the Issuer at the times, in the manner and upon the terms specified in the Indenture.

From such examination of the proceedings of the Issuer referred to above, we are of the opinion that such proceedings show lawful authority for the issuance of the Bonds under the laws of the State of Wyoming now in force.

We have also examined executed counterparts of the Indenture and the Agreement and in our opinion each such instrument has been duly authorized, executed and delivered by the Issuer, and assuming the due authorization, execution and delivery of each such instrument by, and the binding effect of each such instrument on, the other party thereto, the Indenture and the Agreement are legal, valid and binding obligations of the Issuer, enforceable against the Issuer in accordance with their respective terms, subject to the qualification that the enforcement thereof may be limited by laws relating to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion.

We further certify that we have examined a specimen Bond of said issue and find the same in due form of law, and in our opinion the Bonds, to the amount named, are valid and legally binding upon the Issuer according to the import thereof and as provided in the Indenture, except to the extent that the enforcement thereof may be limited by laws relating to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion, and are payable by the Issuer solely from the payments due under the Agreement.

It is our opinion that, subject to the compliance by the Issuer and the Company with certain covenants, under present law, interest on the Bonds is not includible in gross income of the owners thereof for federal income tax purposes, except for interest on any Bond for any period during which such Bond is owned by a person who is a "substantial user" of the Project or any person considered to be related to such person (within the meaning of Section 103(b)(13) of the Internal Revenue Code of 1954, as amended) and such interest is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, but it is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. Failure to comply with certain of such Issuer and Company covenants could cause the interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. Ownership of the Bonds may result in other federal tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Bonds.

Ownership of the Bonds may result in state and local tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Bonds.

We express no opinion herein as to the accuracy, adequacy or completeness of the Official Statement relating to the Bonds.

We express no opinion as to the title to, or the description of, the Project, the existence or priority of any liens, charges or encumbrances on the Project or the lien of the Indenture.

In rendering this opinion, we have relied upon certifications of the Company and the Issuer with respect to certain material facts solely within the knowledge of the Company and the Issuer. Our opinion represents our legal judgment based upon our review of the law and the facts that we deem relevant to render such opinion and is not a guarantee of a result. This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,

MRLewin:GWeinstein

[LETTERHEAD OF CHAPMAN AND CUTLER LLP]

[To Be Dated the Date of Issuance]

LaSalle Capital Markets, A Division of
ABN AMRO Financial Services, Inc., on
behalf of the Underwriters
Chicago, Illinois

Pennington County, South Dakota
Rapid City, South Dakota

Re: $2,050,000 Pennington County, South Dakota
Pollution Control Refunding Revenue Bonds
Series 2004 (Black Hills Power, Inc. Project)

Ladies and Gentlemen:

We hereby certify that we have examined a certified copy of the proceedings of record of Pennington County, South Dakota (the *"Issuer"*) preliminary to and in connection with the issuance by the Issuer of its Pollution Control Refunding Revenue Bonds Series 2004 (Black Hills Power, Inc. Project) in the aggregate principal amount of $2,050,000 (the *"Bonds"*). The Bonds are being issued pursuant to the provisions of Sections 6-8B-9 through 6-8B-24, inclusive, Sections 6-8B-30 through 6-8B-52, inclusive and Sections 9-54-1 through 9-54-12, inclusive, South Dakota Codified Laws, annotated (2003), as amended (the *"Act"*) and a resolution adopted by the Board of Commissioners of the Issuer on September 28, 2004, and under an Indenture of Trust dated as of October 1, 2004 (the *"Indenture"*) between the Issuer and Wells Fargo Bank, N.A., as trustee (the *"Trustee"*).

The Issuer will use the proceeds of the sale of Bonds to refund the Pollution Control Refunding Revenue Bonds (Black Hills Power and Light Company) Series 1992 of the Issuer (the "*Prior Bonds*") which are currently outstanding in the aggregate principal amount of $2,050,000. The Prior Bonds were issued to refund bonds of the Issuer issued to finance costs of certain pollution control facilities of Black Hills Power, Inc. (the *"Company"*) located within the boundaries of the Issuer (the *"Project"*).

The Bonds are secured by and entitled to the security of a pledge and assignment of the revenues derived by the Issuer pursuant to a Loan Agreement dated as of October 1, 2004 (the *"Agreement"*) between the Issuer and the Company.

The Bonds are dated October 1, 2004, are issued as fully registered bonds in denominations of $5,000 and integral multiples thereof, mature, subject to prior redemption, on

October 1, 2014 and bear interest at the rate of 4.80% per annum. The Bonds are subject to optional, extraordinary optional and mandatory redemption by the Issuer at the times, in the manner and upon the terms specified in the Indenture.

From such examination of the proceedings of the Issuer referred to above, we are of the opinion that such proceedings show lawful authority for the issuance of the Bonds under the laws of the State of South Dakota now in force.

We have also examined executed counterparts of the Indenture and the Agreement and in our opinion each such instrument has been duly authorized, executed and delivered by the Issuer, and assuming the due authorization, execution and delivery of each such instrument by, and the binding effect of each such instrument on, the other party thereto, the Indenture and the Agreement are legal, valid and binding obligations of the Issuer, enforceable against the Issuer in accordance with their respective terms, subject to the qualification that the enforcement thereof may be limited by laws relating to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion.

We further certify that we have examined a specimen Bond of said issue and find the same in due form of law, and in our opinion the Bonds, to the amount named, are valid and legally binding upon the Issuer according to the import thereof and as provided in the Indenture, except to the extent that the enforcement thereof may be limited by laws relating to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion, and are payable by the Issuer solely from the payments due under the Agreement.

It is our opinion that, subject to the compliance by the Issuer and the Company with certain covenants, under present law, interest on the Bonds is not includible in gross income of the owners thereof for federal income tax purposes, except for interest on any Bond for any period during which such Bond is owned by a person who is a "substantial user" of the Project or any person considered to be related to such person (within the meaning of Section 103(b)(13) of the Internal Revenue Code of 1954, as amended) and such interest is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, but it is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. Failure to comply with certain of such Issuer and Company covenants could cause the interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. Ownership of the Bonds may result in other federal tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Bonds.

Ownership of the Bonds may result in state and local tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Bonds.

We express no opinion herein as to the accuracy, adequacy or completeness of the Official Statement relating to the Bonds.

We express no opinion as to the title to, or the description of, the Project, the existence or priority of any liens, charges or encumbrances on the Project or the lien of the Indenture.

In rendering this opinion, we have relied upon certifications of the Company and the Issuer with respect to certain material facts solely within the knowledge of the Company and the Issuer. Our opinion represents our legal judgment based upon our review of the law and the facts that we deem relevant to render such opinion and is not a guarantee of a result. This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,

MRLewin:GWeinstein

APPENDIX C
FORM OF CONTINUING DISCLOSURE AGREEMENT

$18,650,000

Campbell County, Wyoming
Pollution Control
Refunding Revenue Bonds
Series 2004
(Black Hills Power, Inc. Project)

Pennington County, South Dakota
Pollution Control
Refunding Revenue Bonds
Series 2004
(Black Hills Power, Inc. Project)

Weston County, Wyoming
Pollution Control
Refunding Revenue Bonds
Series 2004
(Black Hills Power, Inc. Project)

This Continuing Disclosure Agreement (the "Disclosure Agreement") dated as of November 1, 2004, is executed and delivered by Black Hills Power, Inc. (the "Company"), and accepted by Wells Fargo Bank, N.A., as dissemination agent (the "Dissemination Agent"), in connection with the issuance of the captioned bonds (the "Series 2004 Bonds").

The Series 2004 Bonds are being issued pursuant to separate Indentures of Trust each dated as of October 1, 2004 (the "Bond Indentures"), between the related Issuer and Wells Fargo Bank, N.A., as bond trustee (the "Bond Trustee"). The proceeds of the Series 2004 Bonds are being made available to the Company pursuant to separate Loan Agreements each dated as of October 1, 2004 (the "Loan Agreements") between the related Issuer and the Company.

The Company covenants and agrees as follows:

SECTION 1. PURPOSE OF THE DISCLOSURE AGREEMENT.

This Disclosure Agreement is being executed and delivered by the Company for the benefit of the Holders and Beneficial Owners of the Series 2004 Bonds and in order to assist the Participating Underwriters (defined below) in complying with the Rule (defined below). The Company acknowledges that the related Issuers have undertaken no responsibility with respect to any reports, notices or disclosures provided or required under this Disclosure Agreement, and have no liability to any person, including any Holder or Beneficial Owner of the Bonds, with respect to the Rule.

SECTION 2. DEFINITIONS.

In addition to the definitions set forth in the Bond Indentures, which apply to capitalized terms used in this Disclosure Agreement unless otherwise defined in this Section 2, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report relating to the Company provided to the Dissemination Agent pursuant to, and as described in, Sections 4 and 5 of this Disclosure Agreement.

"Beneficial Owner" or "Holder" shall mean any person that (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series 2004 Bonds (including persons holding Series 2004 Bonds through nominees, depositories or other intermediaries) or (b) is treated as the owner of any Series 2004 Bonds for federal income tax purposes.

"Business Day" shall have the meaning assigned to such term in the Bond Indentures.

"Disclosure Representative" shall mean the chief financial officer of the Company, his or her designee or such other person as the Company shall designate in writing to the Dissemination Agent from time to time.

"Dissemination Agent" shall mean Wells Fargo Bank, N.A., acting in its capacity as Dissemination Agent hereunder or any successor Dissemination Agent which is appointed pursuant to Section 3 hereof or to which the responsibilities of Dissemination Agent under this Disclosure Agreement shall have been assigned in accordance with Section 11 hereof.

"Financial Statements" shall mean the audited and unaudited financial statements of the Company required to be delivered to the Bond Trustee pursuant to the Loan Agreements.

"Listed Events" shall mean any of the events listed in Section 6(a) of this Disclosure Agreement.

"National Repository" shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule. The National Repositories currently approved by the Securities and Exchange Commission are set forth in Exhibit A.

"Official Statement" shall mean the Official Statement dated November 19, 2004, relating to the Series 2004 Bonds.

"Outstanding" shall have the meaning assigned to such term in the Bond Indentures.

"Participating Underwriters" shall mean LaSalle Capital Markets, A Division of ABN AMRO Financial Services, Inc. and Wells Fargo Brokerage Services, LLC, as the underwriters of the Series 2004 Bonds required to comply with the Rule in connection with the offering of the Series 2004 Bonds.

"Repository" shall mean each National Repository and each State Repository, if any.

"Rule" shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State" shall mean the State of Wyoming or the State of South Dakota, as appropriate.

"State Repository" shall mean any public or private repository or entity designated by the State as a state information depository for the purpose of the Rule and recognized as such by the Securities and Exchange Commission. As of the date of this Disclosure Agreement, the State does not have a State Repository.

SECTION 3 APPOINTMENT OF DISSEMINATION AGENT; REMOVAL OR RESIGNATION.

The Company may, from time to time, appoint a successor Dissemination Agent or discharge any then acting Dissemination Agent, with or without cause; provided that, if at any time there shall be no Dissemination Agent appointed and acting hereunder or the then appointed and acting Dissemination Agent shall fail to perform its obligations hereunder, the Company shall discharge such obligations until such time as it shall appoint a successor Dissemination Agent or the then appointed and acting Dissemination Agent shall resume the performance of such obligations. The Dissemination Agent may resign by providing 30 days' written notice to the Company.

SECTION 4 PROVISIONS OF ANNUAL REPORTS.

(a) Not later than 120 days after the end of each Fiscal Year of the Company (presently ending December 31), commencing with the fiscal year ending December 31, 2004, the Company shall deliver the Annual Report to the Dissemination Agent. The Annual Report may consist of a single document or separate documents comprising a package and may cross-reference other information, as provided in Section 5 hereof; provided that the Company may deliver the Financial Statements to the Dissemination Agent separately from the balance of the Annual Report and later than the date required above if they are not available by that date, as provided in Section 5.

(b) The Dissemination Agent shall file the Annual Report with the Repositories not later than five (5) Business Days after the Company delivers the Annual Report to the Dissemination Agent. If the Company delivers the Financial Statements to the Dissemination Agent separately, pursuant to Section 5 hereof, the Dissemination Agent shall file the Financial Statements with the Repositories not later than five (5) Business Days after receipt thereof by the Dissemination Agent.

(c) The Dissemination Agent shall provide the Company written confirmation that the Annual Report and (if received separately in accordance with Section 4(a) hereof) the Financial Statements were provided to each Repository in accordance with Section 4(c) hereof.

(d) If the Dissemination Agent shall not have received the Annual Report by the date specified in Section 4(a) hereof, the Dissemination Agent shall send a notice to the Repositories

in substantially the form attached hereto as Exhibit B within five (5) Business Days of the date specified in Section 4(a).

(e) The Company, shall while any Bonds are outstanding, provide any information required to be provided pursuant to Section 6.2 of the Loan Agreements to the Dissemination Agent, including on a quarterly basis, unaudited financial statements. The Dissemination Agent shall promptly distribute any information received by it pursuant to this paragraph (d) to each then existing NRMSIR (or the MSRB) and to the SID, if any.

SECTION 5. CONTENT OF ANNUAL REPORTS.

The Annual Report shall contain or include by reference the following:

(a) The Financial Statements; provided that, if the audited Financial Statements are not available by the time the Annual Report is required to be filed pursuant to Section 4(a), the Annual Report shall contain a draft of such Financial Statements in a format similar to that of such audited Financial Statements.

(b) Operating data and financial information regarding the Company's preceding Fiscal Year of the same type as included in Appendix A to the Official Statement.

(c) The Financial Statements and any or all of the information described in this Section 5 may be included by specific reference to other publicly available documents, as permitted by Rule 15c2-12 promulgated by the Securities Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended.

SECTION 6. REPORTING OF LISTED EVENTS.

(a) This Section 6 governs the provision of notice of the occurrence of the following events (the "Listed Events") with respect to the Bonds:

(i) principal and interest payment delinquencies;

(ii) non-payment related defaults;

(iii) unscheduled draws on debt service reserves reflecting financial difficulties;

(iv) unscheduled draws on credit enhancements, if any, reflecting financial difficulties;

(v) substitution of credit or liquidity providers, if any, or their failure to perform;

(vi) adverse tax opinions or events affecting the tax-exempt status of the Series 2004 Bonds;

(vii) modifications to rights of Bondholders;

(viii) Bond calls (other than scheduled mandatory sinking fund calls);

(ix) defeasances;

(x) release, substitution or sale of property securing repayment of the Bonds; or

(xi) rating changes.

(b) Promptly after obtaining actual knowledge of the occurrence of any of the Listed Events from a source other than the Company, the Dissemination Agent shall notify the Company of the occurrence thereof in writing. For purposes of this Disclosure Agreement, "actual knowledge" of the occurrence of such Listed Events shall mean actual knowledge by the officer at the office of the Dissemination Agent with regular responsibility for the administration of matters related to this Disclosure Agreement.

(c) Whenever the Company obtains actual knowledge of the occurrence of any of the Listed Events, whether from the Dissemination Agent pursuant to Section 6(b) hereof or otherwise, the Company shall, on a timely basis and in any event within 30 Business Days, determine whether the occurrence of such event is material to any of the Holders or Beneficial Owners of the Bonds.

(d) If the Company determines that the occurrence of any of the Listed Events is material to any of the Holders or Beneficial Owners of the Bonds, the Company shall promptly notify the Dissemination Agent of such determination in writing and instruct the Dissemination Agent to report the occurrence of such event in accordance with Section 6(f) hereof.

(e) If, in response to a notice from the Dissemination Agent pursuant to Section 6(b) hereof, the Company determines that the occurrence of the Listed Event described in such notice is not material, the Company shall notify the Dissemination Agent of such determination, and the occurrence of the Listed Event shall not be reported pursuant to Section 6(f) hereof.

(f) If the Company instructs the Dissemination Agent to report the occurrence of any of the Listed Events pursuant to Section 6(d) hereof, the Dissemination Agent shall, promptly thereafter, file a notice of the occurrence of such event with each Repository, the Bond Trustee and the related Issuer. The Dissemination Agent shall provide the Company written confirmation that such notice was provided to each Repository in accordance with this Section 6(f).

(g) Notwithstanding the foregoing, notice of the occurrence of any of the Listed Events described in Section 6(a)(viii) or (ix) shall not be given under this Section 6 any earlier than the notice (if any) of such event is given to the affected Holders pursuant to the Bond Indentures.

(h) Notwithstanding the foregoing, whenever a change in either the Fiscal Year of or the accounting principles by which its Financial Statements are prepared occurs, the Company

shall notify the Dissemination Agent of such change in writing and instruct the Dissemination Agent to report such change to each Repository, and the Dissemination Agent shall, promptly thereafter, file a notice of such change with each Repository. The Dissemination Agent shall provide the Company written confirmation that such notice was provided to each Repository in accordance with this Section 6(h).

SECTION 7. TERMINATION.

This Disclosure Agreement shall terminate, and the Company and the Dissemination Agent shall be fully discharged from their obligations hereunder, upon the legal defeasance, prior redemption or payment in full of all of the Series 2004 Bonds.

SECTION 8. AMENDMENT; WAIVER.

Notwithstanding any other provision of this Disclosure Agreement, the Company may amend this Disclosure Agreement and any provisions of this Disclosure Agreement may be waived; provided that the following conditions are satisfied (unless otherwise permitted by the Rule, in which case such conditions need not be satisfied):

(a) If the amendment or waiver relates to the provisions of Sections 4(a), 5 or 6(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of the Company or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized disclosure counsel, have complied with the requirements of the Rule at the time of the original issuance of the Series 2004 Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Holders in the same manner as provided in the Bond Indentures for amendments to the Bond Indentures with the consent of Holders or (ii) does not, in the opinion of the Bond Trustee, which may be based in whole or in part upon its reliance on an opinion of counsel or nationally recognized disclosure counsel, materially impair the interests of the Holders and Beneficial Owners of the Series 2004 Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Company shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Company. In addition, if the amendment relates to the accounting principles to be followed in preparing Financial Statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 6(d), and (ii) the Annual Report for the year in which the change is made shall present a comparison (in narrative form and also, if feasible, in quantitative form) between the Financial Statements prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. ADDITIONAL INFORMATION.

Nothing in this Disclosure Agreement shall be deemed to prevent the Company from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication or including any other information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is required by this Disclosure Agreement. If the Company chooses to include any information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Disclosure Agreement, the Company shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of the occurrence of a Listed Event.

SECTION 10. DEFAULTS.

(a) In the event of a failure by the Company to comply with any of its obligations under this Disclosure Agreement, the Dissemination Agent or any Holder may and, upon the direction of any Holders owning not less than 50% in aggregate principal amount of all of the Series 2004 Bonds then Outstanding (or the Bond Trustee representing such Holders), the Dissemination Agent shall take such actions as it may deem necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Company to comply with such obligations, but only to the extent funds in an amount satisfactory to the Dissemination Agent have been provided to it or it has been otherwise indemnified to its satisfaction from any reasonable cost, liability, expense or additional charges of the Dissemination Agent whatsoever, including, without limitation, fees and expenses of its attorneys.

(b) In the event of a failure by the Dissemination Agent to comply with any of its obligations under this Disclosure Agreement, the Company or any Holder may and, upon the direction of any Holders owning not less than 50% in aggregate principal amount of all of the Series 2004 Bonds then Outstanding (or the Bond Trustee representing such Holders), the Company shall take such actions as the Company may deem necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Dissemination Agent to comply with such obligations.

(c) A default under this Disclosure Agreement shall not be deemed to be a default or an event of default under the Bond Indentures or the Loan Agreements, and the sole remedy for a default hereunder shall be an action to compel performance.

SECTION 11. ASSIGNMENT.

The Dissemination Agent may assign this Disclosure Agreement to a third party with the prior written consent of the Company.

SECTION 12. COMPENSATION OF THE DISSEMINATION AGENT.

As compensation for providing services to the Company pursuant to this Disclosure Agreement, the Company agrees to pay all reasonable fees and all reasonable expenses of the Dissemination Agent, including, without limitation, all reasonable expenses, charges, costs and

other disbursements in the administration and performance of its duties hereunder, and shall indemnify and save the Dissemination Agent and its officers, directors, attorneys, agents and employees harmless from and against any costs, expenses, damages or other liabilities (including attorneys fees) which it (or they) may incur in the exercise of its (or their) powers and duties hereunder, except with respect to its (or their) willful misconduct or negligence.

SECTION 13. CONCERNING THE DISSEMINATION AGENT.

The Dissemination Agent is not answerable for the exercise of any discretion of power under this Disclosure Agreement or for anything whatever in connection herewith, except only its own willful misconduct or negligence. The Dissemination Agent shall have no liability to the Holders or Beneficial Owners of Series 2004 Bonds or any other person with respect to the undertakings described in Section 1 hereof, except as expressly set forth in this Disclosure Agreement regarding its own willful misconduct or negligence.

The Company acknowledges that, notwithstanding any other provision in this Disclosure Agreement, the Company shall be solely responsible for the contents of all reports and notices prepared pursuant to this Disclosure Agreement. In the case of any Annual Report disclosure, any Listed Event disclosure or any opinions which by any provision hereof are specifically required to be furnished to the Dissemination Agent, the Dissemination Agent shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Disclosure Agreement, but shall be under no duty to verify independently or investigate the accuracy or completeness of any information contained therein or the correctness of any opinion furnished hereunder.

The Dissemination Agent shall not be responsible for any failure to file any report or notice prepared pursuant to this Disclosure Agreement within any time constraints imposed by this Disclosure Agreement or the Rule to the extent that such failure was occasioned by the failure of the Company to provide such report or notice to the Dissemination Agent in a timely manner and in a form suitable for filing.

The Dissemination Agent undertakes to perform such duties and only such duties as are specifically set forth in this Disclosure Agreement, and no implied covenants or obligations shall be read into this Disclosure Agreement against the Dissemination Agent.

In the absence of bad faith on its part, the Dissemination Agent may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Dissemination Agent and conforming to the requirements of this Disclosure Agreement.

No provision of this Disclosure Agreement shall require the Dissemination Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder.

The Dissemination Agent may rely, and shall be protected in acting or refraining from acting, upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order or other paper or document believed by it to be genuine and to have

been signed or presented by the proper party or parties, including without limitation any written direction signed by the Company.

The Dissemination Agent may consult with counsel of its choice, and the written advice of such counsel or any opinion of counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon, it being understood that, for purposes of this provision and except as otherwise specifically provided herein, such counsel may be counsel to the Company.

SECTION 14. BENEFICIARIES.

This Disclosure Agreement shall inure solely to the benefit of the Company, the Bond Trustee, the Dissemination Agent, the Participating Underwriters, and the Holders and Beneficial Owners of the Series 2004 Bonds and shall create no rights in any other person or entity.

SECTION 15. COUNTERPARTS.

This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute one and the same instrument.

SECTION 16. GOVERNING LAW.

This Disclosure Agreement shall be governed by the laws of the State of South Dakota.

IN WITNESS WHEREOF, the Company and the Dissemination Agent have caused this Disclosure Agreement to executed and delivered as of the date first written above.

BLACK HILLS POWER, INC.

By: _____
Name: _____
Title: _____

WELLS FARGO BANK, N.A., as Dissemination Agent

By: _____
Name: _____
Title: _____

EXHIBIT A

Nationally Recognized Municipal Securities Information Repositories Approved By the Securities and Exchange Commission as of November 1, 2004

Bloomberg Municipal Repositories
100 Business Park Drive
Skillman, NJ 08558
Internet address: MUNIS@bloomberg.com
(609) 279-3225
FAX (609) 279-5962

FT Interactive Data
Attention: NRMSIR
100 Williams Street
New York, NY 10038

Internet address: NRMSIR@interactive.com
Website: http://www.InteractiveData.com
(212) 771-6899
FAX (212) 771-7390

Standard & Poor's J.J. Kenny NRMSIR Repository
55 Water Street, 45th Floor
New York, NY 10041-0003
(212) 438-4595
FAX (212) 438-3975

DPC Data Inc.
One Executive Drive
Fort Lee, NJ 07024
(201) 346-0701
FAX (201) 947-0107
Internet address: nrsmir@dpcdata.com

EXHIBIT B

Notice to Repositories of Failure to File Annual Report

Name of Issuer:

Name of Bond Issue:

Series 2004 Bond
CUSIP No.:

Date of Issuance:

NOTICE IS HEREBY GIVEN that Black Hills Power, Inc. has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Agreement dated as of November 1, 2004.

DATED: _____

WELLS FARGO BANK, N.A.,
as Dissemination Agent

By:_____
Name:_____
Title:_____

cc: Black Hills Power, Inc.
Wells Fargo Bank, N.A., as Bond Trustee